

TESTIMONY
BEFORE THE
INSURANCE AND REAL ESTATE COMMITTEE
LEGISLATIVE OFFICE BUILDING
March 6, 2014

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut and the vast majority of these are small companies employing less than 50 people.

A top concern for Connecticut's employers is the cost of healthcare and more mandates means higher cost. Therefore, CBIA urges you to **reject** new health benefit mandates including **SB 190, SB 191, SB 200, SB 202, HB 5245, HB 5249 and HB 5251**. Specifically on **SB 202** CBIA urges caution because although telemedicine has promising attributes lower cost and better quality healthcare in the future much is still unknown about the cost and impact of such services. In a year when health insurance continues to change at a rapid pace now is not the time to require additional modifications. And, secondly, the impact of **HB 5250** seems unclear from the current language. If HB 5250 is proposing another mandate on fully insured employers then CBIA opposes its adoption because it will drive up the cost of healthcare for small employers in Connecticut.

Connecticut's high number of existing mandated health benefits restrict choice and increase price. We must work together to ensure health insurance is affordable for all of Connecticut's residents and CBIA is especially concerned about Connecticut's small businesses.

The impact of new benefit mandates faced by the state is similar to that of a small business in Connecticut – they are simply unaffordable. Connecticut small businesses continue to struggle with the rising cost of health insurance and further mandates will exacerbate the existing problem.

To the point, these mandates only apply to state regulated health insurance plans – i.e. they do not affect large companies that can self insure – so these policies are specifically impacting the cost to small business owners.

The increased cost will not only impact Connecticut's employers but also the state itself because of the state exchange's existing Essential Health Benefit (EHB) package under the Affordable Care Act.

Access Health adopted its EHB package, which includes all of the state's existing health benefit mandates. However, new mandates, such as the ones proposed this year, will not be included in the existing EHB package and will be a direct cost to the state. Here are two important points to consider:

(i) Essential Health Benefit package Already Adopted: New benefit mandates will not be included in the existing EHB package since it has already been voted on and adopted by Access Health's Board of Directors and cannot be modified until 2016, at the earliest; and

(ii) New Mandates Are A Direct Cost to Connecticut: Federal dollars will be utilized to cover the existing EHB package for the subsidized population receiving coverage through the state exchange. However, Connecticut will be required to subsidize any new benefit mandates, such as these, that are not included in the existing EHB package.

Although mandates provide a benefit to a defined group the consequence of restricting choice to the greater public is significant. Choice is essential in the marketplace. Allowing employers and employees to choose insurance plans they can afford is paramount to expanding mandated benefits.

Furthermore, the number of health benefit mandates adopted in Connecticut affects our competitive ranking because the number of health benefit mandates is a factor some analyst take into account when assessing the cost of doing business in Connecticut. Therefore, not only will more mandates impact Connecticut's small employers but it will also have a global impact on Connecticut's overall competitiveness rankings. CBIA is working to move Connecticut up in the rankings and measures like these work against that goal.

In closing, I want to emphasize (i) state health benefit mandates increase costs - specifically for small businesses, (ii) affordability is central to expanding access and (iii) new health benefit mandates will also be a direct cost to the state's general fund.

CBIA urges you to reject **SB 190, SB 191, SB 200, SB 202, HB 5245, HB 5249, HB 5251 and HB 5250** (pursuant to our comments above). Thank you for the opportunity to offer CBIA's comments.